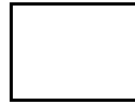


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CENTRAL INTELLIGENCE AGENCY

31 January 1958

MEMORANDUM

PROBABLE DEVELOPMENTS IN INDONESIA

1. We believe that the Padang group probably will deliver its ultimatum to the central government on or about 5 February. While the Padang leaders are still reluctant to take the final step of breaking with Java and, possibly, causing a civil war, they appear committed to pursue their objectives of gaining a new government in Djakarta which will act to reduce Communist strength, will permit more autonomy to the outer islands, and will give the latter a greater share of national revenues. Because of their reluctance, they will probably be willing to negotiate with the central government even though the negotiations are prolonged far beyond the five day limit. However, if no progress is made in the negotiations, if the central government

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should reject their demands out of hand, or if the central government begins to receive large quantities of Bloc arms, the chances are better than even that the Padang group would break with Java and establish a "Provisional Government of Indonesia."

2. The major factors which support this estimate are as follows:

a. The group of provincial army leaders, Hussein, Barlian, and Sumual, plus Simbolon, Djambek, and Lubis, seem fully united on undertaking some action to force a change in the central government. They probably believe they have or can gain the support of most of the military on Borneo and in the Moluccas, and the Darul Islam groups on Java and those which control most of South Celebes.

b. The leaders of the Natsir wing of the Masjumi party and their families have recently moved to Sumatra. We believe this action is important as an indication of the seriousness of Natsir intentions. Thus, the Padang group seems assured of the support of major elements of one of

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the four principal Indonesian political parties. Natsir will have the active support of the Masjumi on the outer islands and at least the passive support of a large part of the Masjumi on Java. The Padang group also has some support from the small PSI party which has its strength among the intellectuals and in the civil service.

c. The Padang group probably estimates that the position of Djuanda and Sukarno has been weakened by the troubles which have resulted from the anti-Dutch campaign. The dissident leaders also know from Masjumi negotiations with the PNI that some of the PNI leaders are deeply concerned about the growth of Communist influence and are in agreement that there should be a change of government. They probably also estimate that Djuanda, even though committed to no change of government until Sukarno's return, desires to resign.

d. Most important of all, the Padang group probably estimates that it can obtain Western, particularly US support. Moreover, the group, in present circumstances,

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believes it could successfully resist any military action by the forces loyal to the central government, unless the latter should obtain a massive supply of arms, including planes and warships, from the Bloc.

Probable Immediate Response of the Central Government to the Ultimatum

3. We believe that Sartono, the acting President, and Djuanda will refuse to capitulate to the ultimatum, but will do so with a "soft" answer which will probably suggest negotiation. Neither of these leaders wishes to push the situation to the breaking point nor to bring about a civil war. However, their ability to maneuver is restricted because both appear determined to honor their commitment to Sukarno to maintain the status quo until he returns. The central government, at least in the short run, probably will not attempt to put pressure on the outer islands by cutting off the pay of army units and subsidies to provincial governments in the dissident provinces, by strengthening garrisons of Javanese troops on Sumatra and the other outer islands, or by increasing blockade operations to halt barter trade.

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4. The Padang group would probably agree to the government's offer to negotiate and would not hold to the five day period given in the ultimatum. It is difficult to say how long the Padang group would be willing to talk and the extent to which their determination to act might drain away.

5. The outcome of such negotiations is unclear. The Padang group's bargaining position would be strengthened by its growing military capabilities and the possibility of outside support, both of which will be evident to the central government. Pressure against the government by anti-Communist elements on Java who sympathize with the Padang group's objectives will also be a factor. On the other hand, the central government would have strong and vociferous support from the PKI and extreme nationalist elements in the non-Communist parties on Java. It would continue to draw on Sukarno's influence and prestige, which, though reduced, would continue to be great, particularly among the masses and certain elements of the armed forces. Its position would be greatly strengthened if

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either Hatta or the Sultan of Jogjakarta had refused to have anything to do with the Padang group's proposals. The central government is aided also by the disinclination of the PNI leaders to collaborate with the Padang group because of the close association of their chief rival, the Masjumi, with this group and because of the demands of the group for considerable provincial autonomy.

6. The central government's initial purpose in seeking to negotiate would be to stall until Sukarno returns, or at least until it can obtain his views. For Sukarno, three courses of action would be possible: he could agree to the formation of a new government; he could seek to prolong the talks while taking steps to weaken or to destroy the Padang group; or he could close out the negotiation and undertake forceful measures to defeat the Padang group. In the event Sukarno should prolong his stay abroad and the Padang group became restive, Djuanda and Nasution might be forced eventually to act on their own initiative and either instal a new government or break off the negotiations.

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The Appointment of a New Government

7. We believe that the chances are better than even that Sukarno will accede to the appointment of a new government, especially if it can be done in a manner which "saves his face." However, it would probably not meet fully any of the major points contained in the Padang group's ultimatum. It would probably be made up of non-Communist political leaders and might include Hatta, but it would probably not be a government committed to rigorous action against the Communists. At best, it might agree to the removal of a few known Communists from key positions. Such a fuzzy outcome, while not satisfactory, would probably be accepted by the Padang group, at least for a trial period. The provincial leaders would probably attempt to maintain their cohesion during such a trial period in order to negotiate with the new government for their other objectives, and, if necessary, to issue a new and stiffer ultimatum.

Prolongation of Negotiations

8. If the central government adopted this tactic, the Padang group would be in a dilemma. If they broke off the

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talks, they would bear the onus and probably lose support on Java. Such action might also tend to bring the PNI and the PKI together. On the other hand, if the talks continued the central government would be gaining time in which to seek the defection of various elements among the outer islanders and to build up its own armed strength.

9. The chances are probably somewhat better than even that in this situation the Padang group would hold together and would eventually send another ultimatum. Evidence of an extensive build up of the capabilities of the armed forces on Java would probably speed up such a decision by the Padang group. If the government in reply gave little or no satisfaction, this might become the point at which the outer islands break with Java.

A Break-off of Negotiations by the Central Government

10. If, upon Sukarno's return, the central government should adopt a firm line and break off negotiations, the chances are about even that the Padang group would in reaction set itself

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up as the "Provisional Government of Indonesia", cut off all revenues to the central government, seek to initiate covert operations on Java to bring down the government, and appeal for international recognition and more arms. In turn, the central government would adopt similar courses of action and would stop the flow of revenues to the rebel areas, would seek to establish a blockade of these areas, and would also appeal for international support and assistance. It would probably denounce the US as the cause of the situation. Although both sides would be reluctant to initiate serious military action, the chances of a full blown civil war developing would be greatly increased.

A Civil War Situation

11. If a full break should occur between Java and the outer islands, and if hostilities should begin before the Djakarta government had obtained substantial supplies of military equipment, the Padang group would have a better position in the outer islands than would the central government. It could probably count on the loyalty of the people and of the forces directly under its command

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on Sumatra and northern Celebes. It would probably also have the support of the Atjehnese in northern Sumatra, the Darul Islam forces in South Celebes, the Amboinese and groups in the other Moluccas which support the East Indonesian Republic movement, and some elements on Borneo. We are unable to estimate the outcome of an effort by the Padang group to defeat the central government on Java. It would depend in large measure on the loyalty of Javanese army units to the central government, the capabilities of the Communists, the possible reaction within the army should the Communists seize or be given the role of leadership of the government, and on the military capabilities of the forces loyal to the Padang group. At a minimum, the Padang group could probably launch fairly widespread guerrilla warfare on Java. While it probably would not be able to land significant forces from the outer islands, it could count on the Darul Islam, the Moslem Youth Group (GP II), possibly some units from the Silawangi Division in West Java, and some volunteers from the Masjumi and possibly from the PNI and the NU.

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Reactions of Non-Communist Countries

12. The presentation of the Padang group's ultimatum and the negotiations, which we think likely to follow, will probably elicit little response either from the Afro-Asian countries or other non-Communist countries. However, if the Djakarta government publicly charged the US as acting in support of the outer islanders, the Afro-Asian press would almost certainly echo such charges.

13. If the Padang group declared a "Provisional Government of Indonesia", most non-Communist governments would seek to remain neutral and some of the Afro-Asian governments would probably offer their good offices in hopes of averting a civil war. Most of these countries would be concerned that unless the situation was resolved fairly quickly, the Soviet Bloc would intervene to the greatest extent possible on the side of the central government, thus raising the possibility of a civil war of the Spanish variety, which potentially could blow up into a major war. At the same time, the neutral Moslem countries

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would also have sympathy for the Moslem leaders of the Padang group. Support for the Padang group would probably increase considerably, even among the Afro-Asian neutrals, if the Communists should attempt to seize control of the government on Java.

14. If civil war actually broke out, most Afro-Asian countries would continue to remain neutral and would not extend recognition to the Padang group. A major factor determining their attitude would be whether or not the Communists had seized power on Java; if this happened, probably Malaya, Thailand, South Vietnam, the Philippines, Nationalist China, South Korea, and possibly Japan would recognize and at least extend diplomatic support to the Padang group. The general trend on the part of most Afro-Asian countries would be to seek to close out the hostilities as quickly as possible.

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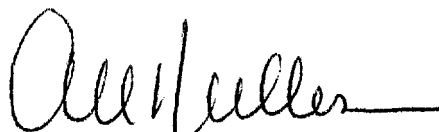
Reactions of the Sino-Soviet Bloc

15. The Bloc has already made generous offers of assistance to the central government and the presentation of the Padang group's ultimatum would have relatively little immediate effect on Bloc actions. If the Bloc leaders came to estimate that the US was involved in some manner, the Communist press would scream about "US imperialism", and would press its arms and technicians on the central government with increased urgency. It is possible that the Soviet Union would raise this issue in the United Nations. There would be little change in the character of the Bloc campaign against the West and the US if the Padang group broke with Java but the intensity might increase. The Bloc leaders might at this point order the PKI to launch a major effort to seize control of the Indonesian government.

16. If civil war should begin, the Sino-Soviet Bloc would continue to offer diplomatic and material assistance to the Indonesian government. If the Communists had come to power

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on Java, the Sino-Soviet Bloc might talk in terms of sending volunteers. However, we believe that the Sino-Soviet Bloc would not attempt to intervene with its own forces or major numbers of volunteers, even to save a Communist government. The chances would be much greater that the Soviet Union would raise the issue in the UN.



ALLEN W. DULLES


Director of Central Intelligence

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31 January 1958

To: Brig. Gen. Andrew J. Goodpaster, USA.
Staff Secretary
The White House

Mr. Dulles believes that the
attached memorandum containing this
Agency's views on the situation in Indo-
nesia may be of interest to the President.



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Executive Officer